#### **BBA**

## 18BAU312

## MANAGEMENT ACCOUNTING (PRACTICAL)

#### Marks: Internal: 40 External: 60 Total: 100

End Semester Exam: 3 Hours

## COURSE OBJECTIVES:

Instruction Hours / week L: 0 T: 0 P:2

## To make the students

- 1. To Understand the Concept of management accounting, costing behaviour, budgeting and enrich the lifelong learning.
- 2. To comprehend on the contemporary issues relevant to accounting concepts.
- 3. To analyse the alternatives using appropriate tools and techniques.
- 4. To solve the problems and take decisions based on the result.
- 5. To communicate orally and in written form the concepts and solutions.

## **COURSE OUTCOMES:**

#### Learners should be able to

- 1. Understand the Concept of management accounting, costing behaviour, budgeting and enrich the lifelong learning.
- 2. Comprehend on the contemporary issues relevant to accounting concepts.
- 3. Analyse the alternatives using appropriate tools and techniques.
- 4. Solve the problems and take decisions based on the result.
- 5. Communicate orally and in written form the concepts and solutions.
- 1. Analyse a case study on Cost control / Cost reduction.
- 2. Importance of the management accounting in decision making Analyse the case.
- 3. To select a Company Download the financial statements Perform the following financial analysis and interpret

## Common-Size Analysis (Vertical and Horizontal), Year-to-Year Change Analysis

Ratio Analysis - Liquidity of Short-Term Assets Current Ratio - Acid-Test Ratio (Quick Ratio) - Cash Ratio Income Statement Consideration when Determining Long-Term Debt-Paying Ability - Times Interest Earned Balance Sheet Consideration when Determining Long-Term Debt Ratio - Debt/Equity Ratio

#### **Profitability Measures**

Net Profit Margin - Total Asset Turnover - Return on Assets

Considering Only Operating Accounts - Operating Income Margin - Operating Asset Turnover - Return on Operating Assets - Sales to Fixed Assets - Return on Investment (ROI) - Return on Total Equity - Return on Common Equity - The Relationship Between Profitability Ratios - Gross Profit Margin

2018-2019

## Semester – III

For the Investors Earnings per Common Share, Price/Earnings Ratio, Dividend Payout, Dividend Yield Book Value per Share

- 4. Identify the elements of cost and Prepare Cost Sheet for a selected Small Scale Company product or Services
- 5. Analyse a real time case study on Make or Buy Decision
- 6. Ask the student to prepare a monthly budget for his family and make a variance analysis (Actual expense Budgeted)
- 7. Analyse a real time case study on importance of Budgeting and Budgetary control
- 8. Analyse the case study on Zero based budgeting
- 9. Analyse case study on (Any of the Two topics
  - a. Transfer Pricing
  - b. Responsibility Accounting
  - c. Inflation Accounting
  - d. Human Resource Accounting

#### Cash study on Cost control and Cost Reduction

Ex. No : 1 Date : 05.07.2019

#### AIM:

To analyse the case study on cost control and cost reduction applied in HTC Sweden.

## Discussion:

Improvement in product design may result in cost control and cost reduction applied in HTC as follows:

There are two basic points that are need to the remembered while effecting cost control and cost reduction in product design.

The product should perform all the functions for which it was intended and

The product should contain its esteem or aesthetic value.

a). Material cost: Change in design of the product may result in saving the material may also be considered.

b). Labour cost: Improvement in design may result in reduced operating time.

c) Factory overhead: Reduce labour time will also reduce factory overhead.

d). Packing and Transporting: Compact design will reduce cost.

e). Cost of tools and fixtures can be induced.

**Result:** Hence the case study was analysed in cost control and cost reduction successfully used in HTC Sweden.

## **Case Study:**

## **Product Design:**

One area in which manufactures are finding ways to meet this challenge is the often – overlooked area of product design. This design of the product provides the greatest scope for cost reduction.

In HTC Sweden, a global flooring systems company whose diamond grinding machines turn ordinary concrete floors into luminous work surface. They used "Digital prototyping" to cut product development cost by approximately 97%. The previous method building physical models of new products cost HTC up to \$500,000 per prototype with some products requiring five such models. With digital prototyping, HTC created a computer based workflow where conceptual design, engineering, manufacturing and procurement teams are connected by a single digital model. This digital model stimulates the complete product and gives HTC engineers the ability to design, visualize and stimulate their products dignitary.

Question:

1. Analyse the case study and give your findings.

### Accounting for Decision Making

Ex. No :2

Date : 11.07.2019

## AIM:

To study the ways to use accounting information to take better decisions for the firms.

#### ALGORITHM:

## STEP 1:

Take any one company financial statement of a company

#### **STEP 2:**

Analyse the statement of cash flows, income statement and balancesheet

#### **STEP 3:**

Analyse the past and gives insight to the prevailing situation of the company.

#### **STEP 4:**

Analyse the Quantitative review of the company

## **STEP 5:**

Plan for the future and prepare activities for the company

#### STEP 6:

Take decision

#### **Result:**

Thus accounting information gives that management to take important decisions for the business.

### Interpretation on various decisions:

#### **Company performance related decisions:**

Managers use these booked figures to monitor measurements like debt, leverage, cost, sales, assets and liabilities. Financial statements help managers to assess financial goals and to take related decisions

#### Strategy and Benchmark related decision:

Managers analyse competitor's financial statement and compare them to internal finances. This is useful in developing tactical options and strategies.

Bench mark related financial performance relative to the market competition allows leaders to identify areas of competence or weakness. It also aids in investment, financing and operational decision making.

#### Investment opportunities related decisions:

Companies engaged in mergers and acquisition analyse financial statement to help determine a prospective investment value.

## COMMON SIZE ANALYSIS (VERTICAL AND HORIZONDAL)

Ex. No : 3

Date :12.07.2019

#### AIM:

To prepare common size (vertical or horizontal) year to year change analysis with a given company balance sheet.

#### **ALGORITHM:**

#### **STEP 1:**

Take any company financial statement for two years.

#### **STEP 2:**

Examine the assets or liabilities) section of the balance sheet.

#### **STEP 3:**

Find the total assets and expenses base value as 100%

#### **STEP 4:**

Compute each and every element of asset with base percentage (1005) by the common size analysis formula. Amount of individual item

Percentage of base = -----

Amount of base item

## **STEP 5:**

Now add another column to the traditional balance sheet and include percentages as follows:

#### **STEP 6:**

After conversion of the two years balance sheet, we can interpret the balance sheet

#### **Result:**

Successfully used common size analysis with a given balance sheet

Calculations of common size balance sheet

	March 2019	Percentage	March 2018	percentage
	12 Months		12 Months	
Equity share capital	39.95	0.21	59.94	0.34
Reserves	12817.17	99.69	11728.94	99.66
Total liabilities	12,857.12	10011.768	11,768.88	100.00
	March 2019		March 2018	
	12 Months		12 Months	
Net worth	4,618.58	35.92	4,684.54	39.66
capital with in progress 541.36	4.21	318.39	2.71	
Investments	5.968.61	46.42	7.525.20	68.94
Net current assets	1,728.07	13.44	-729.25	6.20
Net current assets	1725.07	13.44	-729.25	-6.20
Total assets	12,857.12	100.00	11768.88	100.00

## Interpretation:

- From the balance sheet of Hero motocorp
- Total share capital percentage decreased from 0.34in mar 2018 to 0.31 in 2019
- Total Reserve percentage was increased
- From 99.66 in March 2018 to 99.69 in March 2019
- Total net block percentage was decreased from 39.55 in March 2018 to
- Total capitalwork in progress percentage increased from 2.71 in march 2018 to 4.21 in March 2019
- Total investments percentage was decreased from 63.94 in March 2018 to 46.42 in March 2019.
- Net current asset percentage was increased from 6.20 in March 2018 to 13.44 in March 2019.

## **OUTPUT:**

## **Balance sheet of Hero Motor**

Sources of funds	March 2019	March 2019
	12 Months	12 Months
Total Share Capital	39.95	39.95
Equity share capital	39.95	39.95
Reserves	11,817.17	11,817.17
Net worth	12857.2	12857.2
Total liabilities	12,857.12	11,768.88

## **Ratio Analysis**

## Ex.No: 4 Date :19.07.19

## AIM:

To prepare various from company financial statement for one year

## ALGORITHM:

STEP 1: Take any company financial STEP 2: Take the list of ratios to calculate STEP 3: Collect details from the balance sheet STEP 4: Calculate the ratios STEP 5: Give interpretation for the ratios

## **Result:**

Hence various finanacial statement prepared with the help of ratio analaysis

**Output:** 

**Current Assets** 

Current Ratio = ------Current liabilities

**RESULT**:

Thus a document with header and Footer was prepared and output is verified.

## Ex.No.5

# **Profitability Measures**

Date: 25.07.2019

Aim: Prepare profitability measures from company Income statement

#### Algorithm:

## Step 1

Take any one company income statement for one year

#### Step 2

Take the list of ratios

#### Step 3

Compare the income statement and list of ratio

#### Step 4

Calculate the ratios

#### Step 5

Give interpretation to ratios

### **Result:**

Hence gross profit ratios were used to analyse the profitability

## Interpretation:

Gross Profit ----- \* 100 Gross profit ratio = Net sales

Gross Profit = Net sales – Cost of goods sold

Net sales = Total sales – Sales revenue

Output:

Total sales = 5,20000

Sales returns = 20000

Cost of goods sold = 400000

Net sales = 520000-20000 = 500000

Gross profit ratio = 500000 -400000 = 100000

100000 Gross profit ratio = ------ \*100 =20% 500000

## Ex:No:6 Fund Flow Statement

#### Date:02.08.2019

#### Aim:

Flow flow statement is a method by which to study the changes in the financial position of a business.

#### Algorithm:

Step 1: To compare two balance sheets with the help of some other information may be needed.

Step 2: Fund flow statement consists of two parts

\*Schedule if changes in working capital.

\*Statement of sources and Application of funds.

**Step 3:** Schedule of changes in working capital. WC = CA - CL

\* An increase in current asset increases working capital

- \* Decrease in current asset decrease in working capital
- \* Increase in current liability decreases working.
- \* Decreases in current liability increases working capital.

Step 4: Statement of application of sources of funds to open repost form and T form.

**Step 5:** Identify the sources of funds, funds from operation, issue of share capital, rising a long term loans, receipts from party, paid shares, sales of non current, fixed assets, non trading receipts such a dividend received: sales on investment(long term)

**Step 6:** Identify the application of funds or uses of funds lost in operation, reduction of share capital, reduction of debentures, Department of long term loans, purchase of non current fixed asset, purchase of long term investment payment of dividend payment of tax.

Step 7: Calculation of funds from operation.

#### **Result:**

Hence the fund flow statement proved funds from operation or funds cost in operation.

## **OUTPUT:**

## From the following information (P/L) compute funds from operations.

## (P/L) Account

	Rs.		Rs.
To salaries	5000	By gross profit B/D	1000
To rent	2000	By rent	5000
To depreciation	1000	By interest on	
To preliminary exp	2000	investment	4000
To loss on sale of land	5000	By net loss	5000
	15,000		15,000

Solution:

	Rs.	Rs.
Net loss as per P/L Account		-5000
(Add) items which do not(-Decrease funds)		
To depreciation	1000	
To preliminary exp	2000	
To loss on sale of land	5000	8000
		3000

Ex:No:7 Cost Sheet

#### Date:08.08.2019

Aim:

Cost sheet is prepared to show the detailed cost of the total output for a certain period.

## Algorithm:

Step 1: Direct materials it includes opening stock of raw materials.

Step 2: And purchases of raw material and less closing stock of raw materials.

**Step 3:** Direct labour Direct expenses = Prime cost

**Step 4:** add works overhead or factory overhead = works or factory cost.

Step 5: Add office and administration overhead it is called cost of production.

Step 6: Add selling and distribution overheads it is called total sales or cost of sales.

### **Result:**

Hence cost sheet is prepared for the period of ending on 31<sup>st</sup> Jan 2008 is Rs.1200000.

## **OUTPUT:**

From the following particulars of the manufactures firm prepare a statement of cost.

Particulars	Rs.
Stock of Material on Jan 1,2008	20,000
Purchase of raw material in Jan 2008	5,50,000
Stock of finished goods on Jan 1, 2008	25,000
Productive wages	2,50,000
Finished good sold	12,00,000
Overhead charges	75,000
Office to general expenses	50,000
Stock of material on 31st Jan 2008	70,000
Stock of finished goods on 31st Jan 2008	30,000
Selling & Distribution expenses	3,00,000
Sales	12,00,000

## **OUTPUT:**

	Rs.	Rs.
Opening stock of raw materials	20,000	
Add. purchase of raw materials	5,50,000	
1	=5,70,000	
Loss closing stock of raw materials	70,000	
Cost of raw materials used		5,00,000
Add: Productive wages		2,50,000
a)Prime cost		7,50,000
Add: works over head charges		75,000
b)Worker lost or factory cost		25,000
Add: Office and general expenses		50,000
c) Cost of production		
Add: opening stock of finished good sold		9,00,000
Less: Closing stock of finished good sold		30,000
d)Cost of good sold		8,70,000
Add: Selling & Distribution expenses		30,000
e)Cost of sales		11,70,000
Profit		30,000
		=12,00,000

#### Ex:No: 8 Decision Making Problems

### Date:13.08.2019

Aim:

To prepare the decision making problems.

#### Algorithm:

Step 1: To make decision on whether to make or buy component.

Step 2: Fixed cost expenses not be added to the cost.

Step 3: Decision will be increased even if the part is not produced.

Step 4: That additional cost of the part includes materials, direct labour and various expenses.

#### **Result:**

The company should produce not manufacture the part it is available in market at Rs 8 because additional cost of producing the part is 50 paise [8.5-8.00Rs]more than the price at which it is available in the market.

## **OUTPUT:**

While the cost of making component to the same as available in the market at 9 with the assurance of continuous supply .Give a suggestion where to make buy or not give also your view in case. The superior reduces the price from Rs 9 to Rs10 .The cost information is as follow!

Materials Rs. 350

Labour Rs. 4.00

Other variable expenses Rs: 1.00

Fixed Expenses Rs. 1.50

10.00 Solution:

1)To take decision on whether make buy or buy

Material Rs:3.50

Direct Labour Rs:4.00

Other Variable Expenses Rs:1.00

8.50

The company should produce part 1 is the market at Rs 9 because the product of every part will give to the company a contribution of 50 paise (9.00-8.5)

## Ex:No:9

## Date:

Analyse the real time case study on Importance of people a monthly budget forMy family and make a variance analysis of (Actual expenses budgeted)

#### Aim:

To prepare the monthly budget for my family.

### Algorithm:

Step 1: List out the basic requirement for my family.

Step 2: Prepare the next level family needs

Step 3: It includes school fees or college fees

Step 4: Create the budget for miscellaneous (includes all emergency expenses)

Step 5: All above listed expenses

Step 6: Now list separate from expected income (-) Budgeted

Step 7: Analyse the variance the Positive or Negative.

#### **Result:**

Hence it is proved the surplus budget (good budget).

#### **OUTPUT:**

Total salary budgeted = 25000

Expenditure

College fees = 8500

Grocery item = 3200

Medical expenses = 1000

School fees = 2000

Travelling expenses = 3000

Shopping = 3200

Totally = 21700

Actual expenses – Budgeted Variance = 21700 – 25000 Variance = 3300

It is good budget (Surplus budget) It is saving for next month budget.

Ex:No:10 Date: 27.08.2019

#### Analyse the real time case study onimportance of Budgetary and BudgetaryControl

Aim:

To prepare the sales budget.

Algorithm:

Step 1: Prepare actual change for current for period it includes Quantity, price ,Value.

Step 2 : Budget for current period it includes Quantity, Price, Value.

Step 3 : Budget for future period it includes Quantity, Price, Value.

Step 4 : Add division North, South division products sales

**Step 5 :** The total of both divisions can be evaluated.

#### **Result:**

Additional sales of 5000 units in North division is distributed for Alpha and Beta in the proposition of Rs.25000:15000. It is a Budget Quantity for 2016.

## **OUTPUT:**

Gopi and company Ltd. Produce 2 products Alpha & Beta. There are 2 sales division North & South. Budgeted sales for the year ended 31<sup>st</sup> Dec 2016 were as follows.

Divisions	Product	Limits	Price(Rs)
	Alpha	25000	10
North	Beta	15000	6
	Alpha	21000	10
South	Beta	30000	5

Actual sales for the set of products:

Product	North	South
	28000 units	25000 units
Alpha	@Rs.10%	@Rs.10
	18000 units	33000 units
Beta	@Rs.5each	@Rs.5each

## **OUTPUT:**

On the basis of assessment of the sales man the following are the observations of sales division. For the year ended 31<sup>st</sup> Dec 2016.

North zone	Alpha => Budgeted increase of 40% on 2016 budget. Beta => Budgeted increase of 30% 0n 2016 budget
South zone	Alpha => Budgeted increase of 12% on 2016 budget. Beta => Budgeted increase of 15% on 2016 budget.

It was further decided that because of the sales compaign on north and additional sales of 5000 unit of product will result.

Ex:No:11Analyse the case study on zero baseDate:06.09.2019Budgeting

### Aim:

Step 1 : Prepare determination of Objectives

Step 2 : Create application for all operational areas

Step 3 : Identification of decision units (departments)

**Step 4 :** Analyse the cost benefit for each activity.

**Step 5** : Preparation of budget in the allocation of funds.

#### **Result:**

Hence it is analysed the zero base budgeting.

## **OUTPUT:**

Balance sheet as on 31.09.2017

Share capital	4,00,000	
Retained Income	32,000	4,32,000
Represented by plant & machinery	4,00,000	
Less; Provision Depts	1,00,000	3,00,000
Raw material	38,000	
Finished goods	80,000	
Deptors		30,000
Cash		20,000
		4,68,000

Ex:No:12Analyse the case study on responsibilityDate: 17.09.2019Accounting

#### Aim:

To help management in achieving organizational goals with the help of responsibility accounting as a control device.

#### Algorithm:

Step 1: Divide the organization into various responsibility centres.

Step 2: To set targets of each responsibility centre.

**Step 3:** The actual performance of each responsibility centre to recorded and communicated to the execution.

**Step 4:** Compare the actual performance and standard performance. The variance are conveyed to the top management.

Step 5: Timely action is taken to taken necessary corrective measures.

#### **Result:**

Hence cost centre and profit centre evaluated.

#### **OUTPUT:**

A company has 10 cars in operation the budget for the transport department based on 25000 km run a month out of which a sum of Rupees 25000 is fixed.During the last month the total km run by all the ten cars were 22400 km and the cost incused were Rs.83150. A car cost of hiring for a car could have been 4/km. Evaluate the performance of transport department on the basis of (a) cost centre (b) profit centre

Solution:

Performance Evaluation Report

	Rs.
Total budgeted expenditure for the month	87,000
Less: Fixed expenses	25,000
Variable cost	62,500
Variable cost per km(62500/25000)	2.50
(a)lost centre Basis	
Allowed costs	
Variable (22400×2.50)	56,000
Fixed	25,000
Total allowed cost	81,000
Actual cost	83,150
Cost variance	2,150(A)
(b) Profit centre basis	
Cost of hiring a car (22400×4)	89,600
Actual cost increased	83,150(-)
Profit variance	6,456(B)

Ex:No:13 Analyse the case study on Transfer policing Date:20.09.2019

## Aim:

**Step 1:** Prepare a division wise sales revenue.

Step 2: Select a division sales revenue

Step 3: Less cost of production

Step 4: Draw the profit

Step 5: Follow the same procedure for B division

Step 6: Calculate the total cost, Calculate the profit.

## **Result:**

Hence division A and Division B profit raised through transfer pricing model.

## **OUTPUT:**

Case study on transfer pricing

Sv Ltd Manufacture a product which is obtained basically from a serits of mixing operation. The finished product is packaged in the company made glass bottles.

The general manager of the bottle manufacturing division has obtained following quotation from outside manufacture for the supply of empty bottles.

Volume of empty bottles	Total purchase of value
8,00,000	14,00,000
12,00,000	20,00,000

The cost of analysis of bottle for the manufacture of empty bottles reveals the following production cost.

Volume of empty bottles	Total cost
8,00,000	10,40,000
12,00,000	14,40,000

Production cost and sales value of the end product marketed by the product manufacturing division are as under

Volume of bottle end product	Total cost of end product (excluding cost of empty bottle)	Sales value packed in bottles
8,00,000	64,80,000	91,20,000
12,00,000	76,80,000	1,27,80,000

Volume		
,00,000 ottles	12,00,000 Bottles	
(Rs.)	(Rs.)	
4,00,000	20,00,000	
0,40,000	14,40,000	
3,60,000	5,60,000	
91,20,000	1,27,80,000	
54,80,000	96,80,000	
14,00,000	20,00,000	
78,80,000	1,16,80,000	
78,80,000	1,16,80,000	
12,40,000	11,00,000	
16,00,000	16,60,000	
	00,000 httles (Rs.) 4,00,000 0,40,000 3,60,000 3,60,000 4,80,000 4,80,000 4,80,000 78,80,000 78,80,000 12,40,000 16,00,000	

Profitability statement using market price basis of Transfer pricing

#### KARPAGAM ACADEMYOF HIGHER EDUCATION COMPUTER LAB (17MBAP111)

#### Cash study on Cost control and Cost Reduction

Ex. No : 1 Date : 05.07.2019

AIM:

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## Discussion:

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b). Labour cost: Improvement in design may result in reduced operating time.

c) Factory overhead: Reduce labour time will also reduce factory overhead.

d). Packing and Transporting: Compact design will reduce cost.

e). Cost of tools and fixtures can be induced.

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## Case Study:

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## Question:

1. Analyse the case study and give your findings.

#### KARPAGAM ACADEMYOF HIGHER EDUCATION COMPUTER LAB (17MBAP111)

### **Accounting for Decision Making**

Ex. No :2

Date : 11.07.2019

AIM:

To study the ways to use accounting information to take better decisions for the firms.

#### ALGORITHM:

## STEP 1:

Take any one company financial statement of a company

### **STEP 2:**

Analyse the statement of cash flows, income statement and balance sheet

### **STEP 3:**

Analyse the past and gives insight to the prevailing situation of the company.

#### STEP 4:

Analyse the Quantitative review of the company

## **STEP 5:**

Plan for the future and prepare activities for the company

### **STEP 6:**

Take decision

## **Result:**

Thus accounting information gives that management to take important decisions for the business.
### Interpretation on various decisions:

#### **Company performance related decisions:**

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Ex. No : 3

Date :12.07.2019

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To prepare common size (vertical or horizondal) year to year change analysis with a given company balance sheet.

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#### **STEP 1:**

Take any company financial statement for two years.

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Find the total assets and expenses base value as 100%

#### STEP 4:

Compute each and every element of asset with base percentage (1005) by the common size analysis formula. Amount of individual item

Percentage of base = -----

Amount of base item

#### STEP 5:

Now add another column to the traditional balance sheet and include percentages as follows:

#### STEP 6:

After conversion of the two years balance sheet, we can interpret the balance sheet

## **Result:**

Successfully used common size analysis with a given balance sheet

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## **OUTPUT:**

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Reserves	11,817.17	11,817.17
Net worth	12857.2	12857.2
Total liabilities	12,857.12	11,768.88

#### Cash study on Cost control and Cost Reduction

Ex. No : 1 Date : 05.07.2019

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## Discussion:

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## **Case Study:**

## **Product Design:**

One area in which manufactures are finding ways to meet this challenge is the often – overlooked area of product design. This design of the product provides the greatest scope for cost reduction.

In HTC Sweden, a global flooring systems company whose diamond grinding machines turn ordinary concrete floors into luminous work surface. They used "Digital prototyping" to cut product development cost by approximately 97%. The previous method building physical models of new products cost HTC up to \$500,000 per prototype with some products requiring five such models. With digital prototyping, HTC created a computer based workflow where conceptual design, engineering, manufacturing and procurement teams are connected by a single digital model. This digital model stimulates the complete product and gives HTC engineers the ability to design, visualize and stimulate their products dignitary.

Question:

1. Analyse the case study and give your findings.

## Accounting for Decision Making

Ex. No :2

Date : 11.07.2019

## AIM:

To study the ways to use accounting information to take better decisions for the firms.

#### ALGORITHM:

## STEP 1:

Take any one company financial statement of a company

### **STEP 2:**

Analyse the statement of cash flows, income statement and balancesheet

### **STEP 3:**

Analyse the past and gives insight to the prevailing situation of the company.

#### **STEP 4:**

Analyse the Quantitative review of the company

## **STEP 5:**

Plan for the future and prepare activities for the company

#### STEP 6:

Take decision

#### **Result:**

Thus accounting information gives that management to take important decisions for the business.

### Interpretation on various decisions:

#### **Company performance related decisions:**

Managers use these booked figures to monitor measurements like debt, leverage, cost, sales, assets and liabilities. Financial statements help managers to assess financial goals and to take related decisions

#### Strategy and Benchmark related decision:

Managers analyse competitor's financial statement and compare them to internal finances. This is useful in developing tactical options and strategies.

Bench mark related financial performance relative to the market competition allows leaders to identify areas of competence or weakness. It also aids in investment, financing and operational decision making.

### Investment opportunities related decisions:

Companies engaged in mergers and acquisition analyse financial statement to help determine a prospective investment value.

## COMMON SIZE ANALYSIS (VERTICAL AND HORIZONDAL)

Ex. No : 3

Date :12.07.2019

#### AIM:

To prepare common size (vertical or horizontal) year to year change analysis with a given company balance sheet.

#### **ALGORITHM:**

#### **STEP 1:**

Take any company financial statement for two years.

### **STEP 2:**

Examine the assets or liabilities) section of the balance sheet.

#### **STEP 3:**

Find the total assets and expenses base value as 100%

#### **STEP 4:**

Compute each and every element of asset with base percentage (1005) by the common size analysis formula. Amount of individual item

Percentage of base = -----

Amount of base item

## **STEP 5:**

Now add another column to the traditional balance sheet and include percentages as follows:

#### **STEP 6:**

After conversion of the two years balance sheet, we can interpret the balance sheet

### **Result:**

Successfully used common size analysis with a given balance sheet

Calculations of common size balance sheet

	March 2019	Percentage	March 2018	percentage
	12 Months		12 Months	
Equity share capital	39.95	0.21	59.94	0.34
Reserves	12817.17	99.69	11728.94	99.66
Total liabilities	12,857.12	10011.768	11,768.88	100.00
	March 2019		March 2018	
	12 Months		12 Months	
Net worth	4,618.58	35.92	4,684.54	39.66
capital with in progress 541.36	4.21	318.39	2.71	
Investments	5.968.61	46.42	7.525.20	68.94
Net current assets	1,728.07	13.44	-729.25	6.20
Net current assets	1725.07	13.44	-729.25	-6.20
Total assets	12,857.12	100.00	11768.88	100.00

## Interpretation:

- From the balance sheet of Hero motocorp
- Total share capital percentage decreased from 0.34in mar 2018 to 0.31 in 2019
- Total Reserve percentage was increased
- From 99.66 in March 2018 to 99.69 in March 2019
- Total net block percentage was decreased from 39.55 in March 2018 to
- Total capitalwork in progress percentage increased from 2.71 in march 2018 to 4.21 in March 2019
- Total investments percentage was decreased from 63.94 in March 2018 to 46.42 in March 2019.
- Net current asset percentage was increased from 6.20 in March 2018 to 13.44 in March 2019.

## **OUTPUT:**

## **Balance sheet of Hero Motor**

Sources of funds	March 2019	March 2019
	12 Months	12 Months
Total Share Capital	39.95	39.95
Equity share capital	39.95	39.95
Reserves	11,817.17	11,817.17
Net worth	12857.2	12857.2
Total liabilities	12,857.12	11,768.88

## **Ratio Analysis**

## Ex.No: 4 Date :19.07.19

## AIM:

To prepare various from company financial statement for one year

## ALGORITHM:

STEP 1: Take any company financial STEP 2: Take the list of ratios to calculate STEP 3: Collect details from the balance sheet STEP 4: Calculate the ratios STEP 5: Give interpretation for the ratios

## **Result:**

Hence various finanacial statement prepared with the help of ratio analaysis

**Output:** 

**Current Assets** 

Current Ratio = ------Current liabilities

**RESULT**:

Thus a document with header and Footer was prepared and output is verified.

## Ex.No.5

# **Profitability Measures**

Date: 25.07.2019

Aim: Prepare profitability measures from company Income statement

### Algorithm:

## Step 1

Take any one company income statement for one year

### Step 2

Take the list of ratios

### Step 3

Compare the income statement and list of ratio

#### Step 4

Calculate the ratios

#### Step 5

Give interpretation to ratios

## **Result:**

Hence gross profit ratios were used to analyse the profitability

## Interpretation:

Gross Profit ----- \* 100 Gross profit ratio = Net sales

Gross Profit = Net sales – Cost of goods sold

Net sales = Total sales - Sales revenue

Output:

Total sales = 5,20000

Sales returns = 20000

Cost of goods sold = 400000

Net sales = 520000-20000 = 500000

Gross profit ratio = 500000 -400000 = 100000

100000 Gross profit ratio = ------ \*100 =20% 500000

## Ex:No:6 Fund Flow Statement

#### Date:02.08.2019

#### Aim:

Flow flow statement is a method by which to study the changes in the financial position of a business.

#### Algorithm:

Step 1: To compare two balance sheets with the help of some other information may be needed.

Step 2: Fund flow statement consists of two parts

\*Schedule if changes in working capital.

\*Statement of sources and Application of funds.

**Step 3:** Schedule of changes in working capital. WC = CA - CL

\* An increase in current asset increases working capital

- \* Decrease in current asset decrease in working capital
- \* Increase in current liability decreases working.
- \* Decreases in current liability increases working capital.

Step 4: Statement of application of sources of funds to open repost form and T form.

**Step 5:** Identify the sources of funds, funds from operation, issue of share capital, rising a long term loans, receipts from party, paid shares, sales of non current, fixed assets, non trading receipts such a dividend received: sales on investment(long term)

**Step 6:** Identify the application of funds or uses of funds lost in operation, reduction of share capital, reduction of debentures, Department of long term loans, purchase of non current fixed asset, purchase of long term investment payment of dividend payment of tax.

Step 7: Calculation of funds from operation.

#### **Result:**

Hence the fund flow statement proved funds from operation or funds cost in operation.

## **OUTPUT:**

## From the following information (P/L) compute funds from operations.

## (P/L) Account

	Rs.		Rs.
To salaries	5000	By gross profit B/D	1000
To rent	2000	By rent	5000
To depreciation	1000	By interest on	
To preliminary exp	2000	investment	4000
To loss on sale of land	5000	By net loss	5000
	15,000		15,000

Solution:

	Rs.	Rs.
Net loss as per P/L Account		-5000
(Add) items which do not(-Decrease funds)		
To depreciation	1000	
To preliminary exp	2000	
To loss on sale of land	5000	8000
		3000

Ex:No:7 Cost Sheet

#### Date:08.08.2019

Aim:

Cost sheet is prepared to show the detailed cost of the total output for a certain period.

## Algorithm:

Step 1: Direct materials it includes opening stock of raw materials.

Step 2: And purchases of raw material and less closing stock of raw materials.

**Step 3:** Direct labour Direct expenses = Prime cost

**Step 4:** add works overhead or factory overhead = works or factory cost.

Step 5: Add office and administration overhead it is called cost of production.

Step 6: Add selling and distribution overheads it is called total sales or cost of sales.

## **Result:**

Hence cost sheet is prepared for the period of ending on 31<sup>st</sup> Jan 2008 is Rs.1200000.

## **OUTPUT:**

From the following particulars of the manufactures firm prepare a statement of cost.

Particulars	Rs.
Stock of Material on Jan 1,2008	20,000
Purchase of raw material in Jan 2008	5,50,000
Stock of finished goods on Jan 1, 2008	25,000
Productive wages	2,50,000
Finished good sold	12,00,000
Overhead charges	75,000
Office to general expenses	50,000
Stock of material on 31st Jan 2008	70,000
Stock of finished goods on 31st Jan 2008	30,000
Selling & Distribution expenses	3,00,000
Sales	12,00,000

## **OUTPUT:**

	Rs.	Rs.
Opening stock of raw materials	20,000	
Add. purchase of raw materials	5,50,000	
1	=5,70,000	
Loss closing stock of raw materials	70,000	
Cost of raw materials used		5,00,000
Add: Productive wages		2,50,000
a)Prime cost		7,50,000
Add: works over head charges		75,000
b)Worker lost or factory cost		25,000
Add: Office and general expenses		50,000
c) Cost of production		
Add: opening stock of finished good sold		9,00,000
Less: Closing stock of finished good sold		30,000
d)Cost of good sold		8,70,000
Add: Selling & Distribution expenses		30,000
e)Cost of sales		11,70,000
Profit		30,000
		=12,00,000

### Ex:No: 8 Decision Making Problems

## Date:13.08.2019

Aim:

To prepare the decision making problems.

#### Algorithm:

Step 1: To make decision on whether to make or buy component.

Step 2: Fixed cost expenses not be added to the cost.

Step 3: Decision will be increased even if the part is not produced.

Step 4: That additional cost of the part includes materials, direct labour and various expenses.

#### **Result:**

The company should produce not manufacture the part it is available in market at Rs 8 because additional cost of producing the part is 50 paise [8.5-8.00Rs]more than the price at which it is available in the market.

## **OUTPUT:**

While the cost of making component to the same as available in the market at 9 with the assurance of continuous supply .Give a suggestion where to make buy or not give also your view in case. The superior reduces the price from Rs 9 to Rs10 .The cost information is as follow!

Materials Rs. 350

Labour Rs. 4.00

Other variable expenses Rs: 1.00

Fixed Expenses Rs. 1.50

10.00 Solution:

1)To take decision on whether make buy or buy

Material Rs:3.50

Direct Labour Rs:4.00

Other Variable Expenses Rs:1.00

8.50

The company should produce part 1 is the market at Rs 9 because the product of every part will give to the company a contribution of 50 paise (9.00-8.5)

## Ex:No:9

## Date:

Analyse the real time case study on Importance of people a monthly budget forMy family and make a variance analysis of (Actual expenses budgeted)

### Aim:

To prepare the monthly budget for my family.

### Algorithm:

Step 1: List out the basic requirement for my family.

Step 2: Prepare the next level family needs

Step 3: It includes school fees or college fees

Step 4: Create the budget for miscellaneous (includes all emergency expenses)

Step 5: All above listed expenses

Step 6: Now list separate from expected income (-) Budgeted

Step 7: Analyse the variance the Positive or Negative.

### **Result:**

Hence it is proved the surplus budget (good budget).

#### **OUTPUT:**

Total salary budgeted = 25000

Expenditure

College fees = 8500

Grocery item = 3200

Medical expenses = 1000

School fees = 2000

Travelling expenses = 3000

Shopping = 3200

Totally = 21700

Actual expenses – Budgeted Variance = 21700 – 25000 Variance = 3300

It is good budget (Surplus budget) It is saving for next month budget.

Ex:No:10 Date: 27.08.2019

#### Analyse the real time case study onimportance of Budgetary and BudgetaryControl

Aim:

To prepare the sales budget.

Algorithm:

Step 1: Prepare actual change for current for period it includes Quantity, price ,Value.

Step 2 : Budget for current period it includes Quantity, Price, Value.

Step 3 : Budget for future period it includes Quantity, Price, Value.

Step 4 : Add division North, South division products sales

**Step 5 :** The total of both divisions can be evaluated.

#### **Result:**

Additional sales of 5000 units in North division is distributed for Alpha and Beta in the proposition of Rs.25000:15000. It is a Budget Quantity for 2016.

## **OUTPUT:**

Gopi and company Ltd. Produce 2 products Alpha & Beta. There are 2 sales division North & South. Budgeted sales for the year ended 31<sup>st</sup> Dec 2016 were as follows.

Divisions	Product	Limits	Price(Rs)
	Alpha	25000	10
North	Beta	15000	6
	Alpha	21000	10
South	Beta	30000	5

Actual sales for the set of products:

Product	North	South
	28000 units	25000 units
Alpha	@Rs.10%	@Rs.10
	18000 units	33000 units
Beta	@Rs.5each	@Rs.5each

## **OUTPUT:**

On the basis of assessment of the sales man the following are the observations of sales division. For the year ended 31<sup>st</sup> Dec 2016.

North zone	Alpha => Budgeted increase of 40% on 2016 budget. Beta => Budgeted increase of 30% 0n 2016 budget
South zone	Alpha => Budgeted increase of 12% on 2016 budget. Beta => Budgeted increase of 15% on 2016 budget.

It was further decided that because of the sales compaign on north and additional sales of 5000 unit of product will result.

Ex:No:11Analyse the case study on zero baseDate:06.09.2019Budgeting

## Aim:

Step 1 : Prepare determination of Objectives

Step 2 : Create application for all operational areas

Step 3 : Identification of decision units (departments)

**Step 4 :** Analyse the cost benefit for each activity.

**Step 5** : Preparation of budget in the allocation of funds.

#### **Result:**

Hence it is analysed the zero base budgeting.

## **OUTPUT:**

Balance sheet as on 31.09.2017

Share capital	4,00,000	
Retained Income	32,000	4,32,000
Represented by plant & machinery	4,00,000	
Less; Provision Depts	1,00,000	3,00,000
Raw material	38,000	
Finished goods	80,000	
Deptors		30,000
Cash		20,000
		4,68,000

Ex:No:12Analyse the case study on responsibilityDate: 17.09.2019Accounting

#### Aim:

To help management in achieving organizational goals with the help of responsibility accounting as a control device.

#### Algorithm:

Step 1: Divide the organization into various responsibility centres.

Step 2: To set targets of each responsibility centre.

**Step 3:** The actual performance of each responsibility centre to recorded and communicated to the execution.

**Step 4:** Compare the actual performance and standard performance. The variance are conveyed to the top management.

Step 5: Timely action is taken to taken necessary corrective measures.

#### **Result:**

Hence cost centre and profit centre evaluated.

#### **OUTPUT:**

A company has 10 cars in operation the budget for the transport department based on 25000 km run a month out of which a sum of Rupees 25000 is fixed.During the last month the total km run by all the ten cars were 22400 km and the cost incused were Rs.83150. A car cost of hiring for a car could have been 4/km. Evaluate the performance of transport department on the basis of (a) cost centre (b) profit centre

Solution:

Performance Evaluation Report

	Rs.
Total budgeted expenditure for the month	87,000
Less: Fixed expenses	25,000
Variable cost	62,500
Variable cost per km(62500/25000)	2.50
(a)lost centre Basis	
Allowed costs	
Variable (22400×2.50)	56,000
Fixed	25,000
Total allowed cost	81,000
Actual cost	83,150
Cost variance	2,150(A)
(b) Profit centre basis	
Cost of hiring a car (22400×4)	89,600
Actual cost increased	83,150(-)
Profit variance	6,456(B)

Ex:No:13 Analyse the case study on Transfer policing Date:20.09.2019

## Aim:

**Step 1:** Prepare a division wise sales revenue.

Step 2: Select a division sales revenue

Step 3: Less cost of production

Step 4: Draw the profit

Step 5: Follow the same procedure for B division

Step 6: Calculate the total cost, Calculate the profit.

## **Result:**

Hence division A and Division B profit raised through transfer pricing model.

## **OUTPUT:**

Case study on transfer pricing

Sv Ltd Manufacture a product which is obtained basically from a serits of mixing operation. The finished product is packaged in the company made glass bottles.

The general manager of the bottle manufacturing division has obtained following quotation from outside manufacture for the supply of empty bottles.

Volume of empty bottles	Total purchase of value
8,00,000	14,00,000
12,00,000	20,00,000

The cost of analysis of bottle for the manufacture of empty bottles reveals the following production cost.

Volume of empty bottles	Total cost
8,00,000	10,40,000
12,00,000	14,40,000

Production cost and sales value of the end product marketed by the product manufacturing division are as under

Volume of bottle end product	Total cost of end product (excluding cost of empty bottle)	Sales value packed in bottles
8,00,000	64,80,000	91,20,000
12,00,000	76,80,000	1,27,80,000

Volume	
,00,000 ottles	12,00,000 Bottles
(Rs.)	(Rs.)
4,00,000	20,00,000
0,40,000	14,40,000
3,60,000	5,60,000
91,20,000	1,27,80,000
54,80,000	96,80,000
14,00,000	20,00,000
78,80,000	1,16,80,000
78,80,000	1,16,80,000
12,40,000	11,00,000
16,00,000	16,60,000
	00,000 httles (Rs.) 4,00,000 0,40,000 3,60,000 3,60,000 4,80,000 4,80,000 4,80,000 78,80,000 78,80,000 12,40,000 16,00,000

Profitability statement using market price basis of Transfer pricing

#### Cash study on Cost control and Cost Reduction

Ex. No : 1 Date : 05.07.2019

#### AIM:

To analyse the case study on cost control and cost reduction applied in HTC Sweden.

## Discussion:

Improvement in product design may result in cost control and cost reduction applied in HTC as follows:

There are two basic points that are need to the remembered while effecting cost control and cost reduction in product design.

The product should perform all the functions for which it was intended and

The product should contain its esteem or aesthetic value.

a). Material cost: Change in design of the product may result in saving the material may also be considered.

b). Labour cost: Improvement in design may result in reduced operating time.

c) Factory overhead: Reduce labour time will also reduce factory overhead.

d). Packing and Transporting: Compact design will reduce cost.

e). Cost of tools and fixtures can be induced.

**Result:** Hence the case study was analysed in cost control and cost reduction successfully used in HTC Sweden.
## **Case Study:**

## **Product Design:**

One area in which manufactures are finding ways to meet this challenge is the often – overlooked area of product design. This design of the product provides the greatest scope for cost reduction.

In HTC Sweden, a global flooring systems company whose diamond grinding machines turn ordinary concrete floors into luminous work surface. They used "Digital prototyping" to cut product development cost by approximately 97%. The previous method building physical models of new products cost HTC up to \$500,000 per prototype with some products requiring five such models. With digital prototyping, HTC created a computer based workflow where conceptual design, engineering, manufacturing and procurement teams are connected by a single digital model. This digital model stimulates the complete product and gives HTC engineers the ability to design, visualize and stimulate their products dignitary.

Question:

1. Analyse the case study and give your findings.

### Accounting for Decision Making

Ex. No :2

Date : 11.07.2019

## AIM:

To study the ways to use accounting information to take better decisions for the firms.

### ALGORITHM:

## STEP 1:

Take any one company financial statement of a company

### **STEP 2:**

Analyse the statement of cash flows, income statement and balancesheet

### **STEP 3:**

Analyse the past and gives insight to the prevailing situation of the company.

#### **STEP 4:**

Analyse the Quantitative review of the company

### **STEP 5:**

Plan for the future and prepare activities for the company

#### STEP 6:

Take decision

### **Result:**

Thus accounting information gives that management to take important decisions for the business.

### Interpretation on various decisions:

### **Company performance related decisions:**

Managers use these booked figures to monitor measurements like debt, leverage, cost, sales, assets and liabilities. Financial statements help managers to assess financial goals and to take related decisions

### Strategy and Benchmark related decision:

Managers analyse competitor's financial statement and compare them to internal finances. This is useful in developing tactical options and strategies.

Bench mark related financial performance relative to the market competition allows leaders to identify areas of competence or weakness. It also aids in investment, financing and operational decision making.

### Investment opportunities related decisions:

Companies engaged in mergers and acquisition analyse financial statement to help determine a prospective investment value.

### COMMON SIZE ANALYSIS (VERTICAL AND HORIZONDAL)

Ex. No : 3

Date :12.07.2019

#### AIM:

To prepare common size (vertical or horizontal) year to year change analysis with a given company balance sheet.

#### **ALGORITHM:**

### **STEP 1:**

Take any company financial statement for two years.

### **STEP 2:**

Examine the assets or liabilities) section of the balance sheet.

#### **STEP 3:**

Find the total assets and expenses base value as 100%

### **STEP 4:**

Compute each and every element of asset with base percentage (1005) by the common size analysis formula. Amount of individual item

Percentage of base = -----

Amount of base item

# **STEP 5:**

Now add another column to the traditional balance sheet and include percentages as follows:

### **STEP 6:**

After conversion of the two years balance sheet, we can interpret the balance sheet

### **Result:**

Successfully used common size analysis with a given balance sheet

Calculations of common size balance sheet

	March 2019	Percentage	March 2018	percentage
	12 Months		12 Months	
Equity share capital	39.95	0.21	59.94	0.34
Reserves	12817.17	99.69	11728.94	99.66
Total liabilities	12,857.12	10011.768	11,768.88	100.00
	March 2019		March 2018	
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capital with in progress 541.36	4.21	318.39	2.71	
Investments	5.968.61	46.42	7.525.20	68.94
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Net current assets	1725.07	13.44	-729.25	-6.20
Total assets	12,857.12	100.00	11768.88	100.00

### Interpretation:

- From the balance sheet of Hero motocorp
- Total share capital percentage decreased from 0.34in mar 2018 to 0.31 in 2019
- Total Reserve percentage was increased
- From 99.66 in March 2018 to 99.69 in March 2019
- Total net block percentage was decreased from 39.55 in March 2018 to
- Total capitalwork in progress percentage increased from 2.71 in march 2018 to 4.21 in March 2019
- Total investments percentage was decreased from 63.94 in March 2018 to 46.42 in March 2019.
- Net current asset percentage was increased from 6.20 in March 2018 to 13.44 in March 2019.

# **OUTPUT:**

# **Balance sheet of Hero Motor**

Sources of funds	March 2019	March 2019
	12 Months	12 Months
Total Share Capital	39.95	39.95
Equity share capital	39.95	39.95
Reserves	11,817.17	11,817.17
Net worth	12857.2	12857.2
Total liabilities	12,857.12	11,768.88

### **Ratio Analysis**

### Ex.No: 4 Date :19.07.19

# AIM:

To prepare various from company financial statement for one year

# ALGORITHM:

STEP 1: Take any company financial STEP 2: Take the list of ratios to calculate STEP 3: Collect details from the balance sheet STEP 4: Calculate the ratios STEP 5: Give interpretation for the ratios

### **Result:**

Hence various finanacial statement prepared with the help of ratio analaysis

**Output:** 

**Current Assets** 

Current Ratio = ------Current liabilities

**RESULT**:

Thus a document with header and Footer was prepared and output is verified.

### Ex.No.5

# **Profitability Measures**

Date: 25.07.2019

Aim: Prepare profitability measures from company Income statement

### Algorithm:

### Step 1

Take any one company income statement for one year

### Step 2

Take the list of ratios

### Step 3

Compare the income statement and list of ratio

### Step 4

Calculate the ratios

#### Step 5

Give interpretation to ratios

### **Result:**

Hence gross profit ratios were used to analyse the profitability

# Interpretation:

Gross Profit ----- \* 100 Gross profit ratio = Net sales

Gross Profit = Net sales – Cost of goods sold

Net sales = Total sales - Sales revenue

Output:

Total sales = 5,20000

Sales returns = 20000

Cost of goods sold = 400000

Net sales = 520000-20000 = 500000

Gross profit ratio = 500000 -400000 = 100000

100000 Gross profit ratio = ------ \*100 =20% 500000

# Ex:No:6 Fund Flow Statement

#### Date:02.08.2019

#### Aim:

Flow flow statement is a method by which to study the changes in the financial position of a business.

#### Algorithm:

Step 1: To compare two balance sheets with the help of some other information may be needed.

Step 2: Fund flow statement consists of two parts

\*Schedule if changes in working capital.

\*Statement of sources and Application of funds.

**Step 3:** Schedule of changes in working capital. WC = CA - CL

\* An increase in current asset increases working capital

- \* Decrease in current asset decrease in working capital
- \* Increase in current liability decreases working.
- \* Decreases in current liability increases working capital.

Step 4: Statement of application of sources of funds to open repost form and T form.

**Step 5:** Identify the sources of funds, funds from operation, issue of share capital, rising a long term loans, receipts from party, paid shares, sales of non current, fixed assets, non trading receipts such a dividend received: sales on investment(long term)

**Step 6:** Identify the application of funds or uses of funds lost in operation, reduction of share capital, reduction of debentures, Department of long term loans, purchase of non current fixed asset, purchase of long term investment payment of dividend payment of tax.

Step 7: Calculation of funds from operation.

#### **Result:**

Hence the fund flow statement proved funds from operation or funds cost in operation.

# **OUTPUT:**

# From the following information (P/L) compute funds from operations.

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	Rs.		Rs.
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To depreciation	1000	By interest on	
To preliminary exp	2000	investment	4000
To loss on sale of land	5000	By net loss	5000
	15,000		15,000

Solution:

	Rs.	Rs.
Net loss as per P/L Account		-5000
(Add) items which do not(-Decrease funds)		
To depreciation	1000	
To preliminary exp	2000	
To loss on sale of land	5000	8000
		3000

Ex:No:7 Cost Sheet

### Date:08.08.2019

Aim:

Cost sheet is prepared to show the detailed cost of the total output for a certain period.

## Algorithm:

Step 1: Direct materials it includes opening stock of raw materials.

Step 2: And purchases of raw material and less closing stock of raw materials.

**Step 3:** Direct labour Direct expenses = Prime cost

**Step 4:** add works overhead or factory overhead = works or factory cost.

Step 5: Add office and administration overhead it is called cost of production.

Step 6: Add selling and distribution overheads it is called total sales or cost of sales.

### **Result:**

Hence cost sheet is prepared for the period of ending on 31<sup>st</sup> Jan 2008 is Rs.1200000.

# **OUTPUT:**

From the following particulars of the manufactures firm prepare a statement of cost.

Particulars	Rs.
Stock of Material on Jan 1,2008	20,000
Purchase of raw material in Jan 2008	5,50,000
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Office to general expenses	50,000
Stock of material on 31st Jan 2008	70,000
Stock of finished goods on 31st Jan 2008	30,000
Selling & Distribution expenses	3,00,000
Sales	12,00,000

# **OUTPUT:**

	Rs.	Rs.
Opening stock of raw materials	20,000	
Add. purchase of raw materials	5,50,000	
1	=5,70,000	
Loss closing stock of raw materials	70,000	
Cost of raw materials used		5,00,000
Add: Productive wages		2,50,000
a)Prime cost		7,50,000
Add: works over head charges		75,000
b)Worker lost or factory cost		25,000
Add: Office and general expenses		50,000
c) Cost of production		
Add: opening stock of finished good sold		9,00,000
Less: Closing stock of finished good sold		30,000
d)Cost of good sold		8,70,000
Add: Selling & Distribution expenses		30,000
e)Cost of sales		11,70,000
Profit		30,000
		=12,00,000

### Ex:No: 8 Decision Making Problems

### Date:13.08.2019

Aim:

To prepare the decision making problems.

### Algorithm:

Step 1: To make decision on whether to make or buy component.

Step 2: Fixed cost expenses not be added to the cost.

Step 3: Decision will be increased even if the part is not produced.

Step 4: That additional cost of the part includes materials, direct labour and various expenses.

#### **Result:**

The company should produce not manufacture the part it is available in market at Rs 8 because additional cost of producing the part is 50 paise [8.5-8.00Rs]more than the price at which it is available in the market.

### **OUTPUT:**

While the cost of making component to the same as available in the market at 9 with the assurance of continuous supply .Give a suggestion where to make buy or not give also your view in case. The superior reduces the price from Rs 9 to Rs10 .The cost information is as follow!

Materials Rs. 350

Labour Rs. 4.00

Other variable expenses Rs: 1.00

Fixed Expenses Rs. 1.50

10.00 Solution:

1)To take decision on whether make buy or buy

Material Rs:3.50

Direct Labour Rs:4.00

Other Variable Expenses Rs:1.00

8.50

The company should produce part 1 is the market at Rs 9 because the product of every part will give to the company a contribution of 50 paise (9.00-8.5)

# Ex:No:9

# Date:

Analyse the real time case study on Importance of people a monthly budget forMy family and make a variance analysis of (Actual expenses budgeted)

### Aim:

To prepare the monthly budget for my family.

### Algorithm:

Step 1: List out the basic requirement for my family.

Step 2: Prepare the next level family needs

Step 3: It includes school fees or college fees

Step 4: Create the budget for miscellaneous (includes all emergency expenses)

Step 5: All above listed expenses

Step 6: Now list separate from expected income (-) Budgeted

Step 7: Analyse the variance the Positive or Negative.

### **Result:**

Hence it is proved the surplus budget (good budget).

### **OUTPUT:**

Total salary budgeted = 25000

Expenditure

College fees = 8500

Grocery item = 3200

Medical expenses = 1000

School fees = 2000

Travelling expenses = 3000

Shopping = 3200

Totally = 21700

Actual expenses – Budgeted Variance = 21700 – 25000 Variance = 3300

It is good budget (Surplus budget) It is saving for next month budget.

Ex:No:10 Date: 27.08.2019

### Analyse the real time case study onimportance of Budgetary and BudgetaryControl

Aim:

To prepare the sales budget.

Algorithm:

Step 1: Prepare actual change for current for period it includes Quantity, price ,Value.

Step 2 : Budget for current period it includes Quantity, Price, Value.

Step 3 : Budget for future period it includes Quantity, Price, Value.

Step 4 : Add division North, South division products sales

**Step 5 :** The total of both divisions can be evaluated.

#### **Result:**

Additional sales of 5000 units in North division is distributed for Alpha and Beta in the proposition of Rs.25000:15000. It is a Budget Quantity for 2016.

### **OUTPUT:**

Gopi and company Ltd. Produce 2 products Alpha & Beta. There are 2 sales division North & South. Budgeted sales for the year ended 31<sup>st</sup> Dec 2016 were as follows.

Divisions	Product	Limits	Price(Rs)
	Alpha	25000	10
North	Beta	15000	6
	Alpha	21000	10
South	Beta	30000	5

Actual sales for the set of products:

Product	North	South
	28000 units	25000 units
Alpha	@Rs.10%	@Rs.10
	18000 units	33000 units
Beta	@Rs.5each	@Rs.5each

# **OUTPUT:**

On the basis of assessment of the sales man the following are the observations of sales division. For the year ended 31<sup>st</sup> Dec 2016.

North zone	Alpha => Budgeted increase of 40% on 2016 budget. Beta => Budgeted increase of 30% 0n 2016 budget
South zone	Alpha => Budgeted increase of 12% on 2016 budget. Beta => Budgeted increase of 15% on 2016 budget.

It was further decided that because of the sales compaign on north and additional sales of 5000 unit of product will result.

Ex:No:11Analyse the case study on zero baseDate:06.09.2019Budgeting

### Aim:

Step 1 : Prepare determination of Objectives

Step 2 : Create application for all operational areas

Step 3 : Identification of decision units (departments)

**Step 4 :** Analyse the cost benefit for each activity.

**Step 5** : Preparation of budget in the allocation of funds.

#### **Result:**

Hence it is analysed the zero base budgeting.

# **OUTPUT:**

Balance sheet as on 31.09.2017

Share capital	4,00,000	
Retained Income	32,000	4,32,000
Represented by plant & machinery	4,00,000	
Less; Provision Depts	1,00,000	3,00,000
Raw material	38,000	
Finished goods	80,000	
Deptors		30,000
Cash		20,000
		4,68,000

Ex:No:12Analyse the case study on responsibilityDate: 17.09.2019Accounting

#### Aim:

To help management in achieving organizational goals with the help of responsibility accounting as a control device.

#### Algorithm:

Step 1: Divide the organization into various responsibility centres.

Step 2: To set targets of each responsibility centre.

**Step 3:** The actual performance of each responsibility centre to recorded and communicated to the execution.

**Step 4:** Compare the actual performance and standard performance. The variance are conveyed to the top management.

Step 5: Timely action is taken to taken necessary corrective measures.

#### **Result:**

Hence cost centre and profit centre evaluated.

#### **OUTPUT:**

A company has 10 cars in operation the budget for the transport department based on 25000 km run a month out of which a sum of Rupees 25000 is fixed.During the last month the total km run by all the ten cars were 22400 km and the cost incused were Rs.83150. A car cost of hiring for a car could have been 4/km. Evaluate the performance of transport department on the basis of (a) cost centre (b) profit centre

Solution:

Performance Evaluation Report

	Rs.
Total budgeted expenditure for the month	87,000
Less: Fixed expenses	25,000
Variable cost	62,500
Variable cost per km(62500/25000)	2.50
(a)lost centre Basis	
Allowed costs	
Variable (22400×2.50)	56,000
Fixed	25,000
Total allowed cost	81,000
Actual cost	83,150
Cost variance	2,150(A)
(b) Profit centre basis	
Cost of hiring a car (22400×4)	89,600
Actual cost increased	83,150(-)
Profit variance	6,456(B)

Ex:No:13 Analyse the case study on Transfer policing Date:20.09.2019

## Aim:

**Step 1:** Prepare a division wise sales revenue.

Step 2: Select a division sales revenue

Step 3: Less cost of production

Step 4: Draw the profit

Step 5: Follow the same procedure for B division

Step 6: Calculate the total cost, Calculate the profit.

### **Result:**

Hence division A and Division B profit raised through transfer pricing model.

# **OUTPUT:**

Case study on transfer pricing

Sv Ltd Manufacture a product which is obtained basically from a serits of mixing operation. The finished product is packaged in the company made glass bottles.

The general manager of the bottle manufacturing division has obtained following quotation from outside manufacture for the supply of empty bottles.

Volume of empty bottles	Total purchase of value
8,00,000	14,00,000
12,00,000	20,00,000

The cost of analysis of bottle for the manufacture of empty bottles reveals the following production cost.

Volume of empty bottles	Total cost
8,00,000	10,40,000
12,00,000	14,40,000

Production cost and sales value of the end product marketed by the product manufacturing division are as under

Volume of bottle end product	Total cost of end product (excluding cost of empty bottle)	Sales value packed in bottles
8,00,000	64,80,000	91,20,000
12,00,000	76,80,000	1,27,80,000

Volume		
,00,000 ottles	12,00,000 Bottles	
(Rs.)	(Rs.)	
4,00,000	20,00,000	
0,40,000	14,40,000	
3,60,000	5,60,000	
91,20,000	1,27,80,000	
54,80,000	96,80,000	
14,00,000 20,00,000		
78,80,000	1,16,80,000	
78,80,000	1,16,80,000	
12,40,000	11,00,000	
16,00,000 16,60,000		
	00,000 httles (Rs.) 4,00,000 0,40,000 3,60,000 3,60,000 4,80,000 4,80,000 4,80,000 78,80,000 78,80,000 12,40,000 16,00,000	

Profitability statement using market price basis of Transfer pricing

### Cash study on Cost control and Cost Reduction

Ex. No : 1 Date : 05.07.2019

### AIM:

To analyse the case study on cost control and cost reduction applied in HTC Sweden.

## Discussion:

Improvement in product design may result in cost control and cost reduction applied in HTC as follows:

There are two basic points that are need to the remembered while effecting cost control and cost reduction in product design.

The product should perform all the functions for which it was intended and

The product should contain its esteem or aesthetic value.

a). Material cost: Change in design of the product may result in saving the material may also be considered.

b). Labour cost: Improvement in design may result in reduced operating time.

c) Factory overhead: Reduce labour time will also reduce factory overhead.

d). Packing and Transporting: Compact design will reduce cost.

e). Cost of tools and fixtures can be induced.

**Result:** Hence the case study was analysed in cost control and cost reduction successfully used in HTC Sweden.

## **Case Study:**

## **Product Design:**

One area in which manufactures are finding ways to meet this challenge is the often – overlooked area of product design. This design of the product provides the greatest scope for cost reduction.

In HTC Sweden, a global flooring systems company whose diamond grinding machines turn ordinary concrete floors into luminous work surface. They used "Digital prototyping" to cut product development cost by approximately 97%. The previous method building physical models of new products cost HTC up to \$500,000 per prototype with some products requiring five such models. With digital prototyping, HTC created a computer based workflow where conceptual design, engineering, manufacturing and procurement teams are connected by a single digital model. This digital model stimulates the complete product and gives HTC engineers the ability to design, visualize and stimulate their products dignitary.

Question:

1. Analyse the case study and give your findings.

### Accounting for Decision Making

Ex. No :2

Date : 11.07.2019

## AIM:

To study the ways to use accounting information to take better decisions for the firms.

### ALGORITHM:

## STEP 1:

Take any one company financial statement of a company

### **STEP 2:**

Analyse the statement of cash flows, income statement and balancesheet

### **STEP 3:**

Analyse the past and gives insight to the prevailing situation of the company.

#### **STEP 4:**

Analyse the Quantitative review of the company

### **STEP 5:**

Plan for the future and prepare activities for the company

#### STEP 6:

Take decision

### **Result:**

Thus accounting information gives that management to take important decisions for the business.

### Interpretation on various decisions:

### **Company performance related decisions:**

Managers use these booked figures to monitor measurements like debt, leverage, cost, sales, assets and liabilities. Financial statements help managers to assess financial goals and to take related decisions

### Strategy and Benchmark related decision:

Managers analyse competitor's financial statement and compare them to internal finances. This is useful in developing tactical options and strategies.

Bench mark related financial performance relative to the market competition allows leaders to identify areas of competence or weakness. It also aids in investment, financing and operational decision making.

### Investment opportunities related decisions:

Companies engaged in mergers and acquisition analyse financial statement to help determine a prospective investment value.

### COMMON SIZE ANALYSIS (VERTICAL AND HORIZONDAL)

Ex. No : 3

Date :12.07.2019

#### AIM:

To prepare common size (vertical or horizontal) year to year change analysis with a given company balance sheet.

#### **ALGORITHM:**

### **STEP 1:**

Take any company financial statement for two years.

### **STEP 2:**

Examine the assets or liabilities) section of the balance sheet.

#### **STEP 3:**

Find the total assets and expenses base value as 100%

### **STEP 4:**

Compute each and every element of asset with base percentage (1005) by the common size analysis formula. Amount of individual item

Percentage of base = -----

Amount of base item

# **STEP 5:**

Now add another column to the traditional balance sheet and include percentages as follows:

### **STEP 6:**

After conversion of the two years balance sheet, we can interpret the balance sheet

### **Result:**

Successfully used common size analysis with a given balance sheet

Calculations of common size balance sheet

	March 2019	Percentage	March 2018	percentage
	12 Months		12 Months	
Equity share capital	39.95	0.21	59.94	0.34
Reserves	12817.17	99.69	11728.94	99.66
Total liabilities	12,857.12	10011.768	11,768.88	100.00
	March 2019		March 2018	
	12 Months		12 Months	
Net worth	4,618.58	35.92	4,684.54	39.66
capital with in progress 541.36	4.21	318.39	2.71	
Investments	5.968.61	46.42	7.525.20	68.94
Net current assets	1,728.07	13.44	-729.25	6.20
Net current assets	1725.07	13.44	-729.25	-6.20
Total assets	12,857.12	100.00	11768.88	100.00

### Interpretation:

- From the balance sheet of Hero motocorp
- Total share capital percentage decreased from 0.34in mar 2018 to 0.31 in 2019
- Total Reserve percentage was increased
- From 99.66 in March 2018 to 99.69 in March 2019
- Total net block percentage was decreased from 39.55 in March 2018 to
- Total capitalwork in progress percentage increased from 2.71 in march 2018 to 4.21 in March 2019
- Total investments percentage was decreased from 63.94 in March 2018 to 46.42 in March 2019.
- Net current asset percentage was increased from 6.20 in March 2018 to 13.44 in March 2019.
## **OUTPUT:**

## **Balance sheet of Hero Motor**

Sources of funds	March 2019	March 2019
	12 Months	12 Months
Total Share Capital	39.95	39.95
Equity share capital	39.95	39.95
Reserves	11,817.17	11,817.17
Net worth	12857.2	12857.2
Total liabilities	12,857.12	11,768.88

## **Ratio Analysis**

## Ex.No: 4 Date :19.07.19

## AIM:

To prepare various from company financial statement for one year

## ALGORITHM:

STEP 1: Take any company financial STEP 2: Take the list of ratios to calculate STEP 3: Collect details from the balance sheet STEP 4: Calculate the ratios STEP 5: Give interpretation for the ratios

## **Result:**

Hence various finanacial statement prepared with the help of ratio analaysis

**Output:** 

**Current Assets** 

Current Ratio = ------Current liabilities

**RESULT**:

Thus a document with header and Footer was prepared and output is verified.

## Ex.No.5

# **Profitability Measures**

Date: 25.07.2019

Aim: Prepare profitability measures from company Income statement

#### Algorithm:

## Step 1

Take any one company income statement for one year

#### Step 2

Take the list of ratios

#### Step 3

Compare the income statement and list of ratio

#### Step 4

Calculate the ratios

#### Step 5

Give interpretation to ratios

### **Result:**

Hence gross profit ratios were used to analyse the profitability

## Interpretation:

Gross Profit ----- \* 100 Gross profit ratio = Net sales

Gross Profit = Net sales – Cost of goods sold

Net sales = Total sales - Sales revenue

Output:

Total sales = 5,20000

Sales returns = 20000

Cost of goods sold = 400000

Net sales = 520000-20000 = 500000

Gross profit ratio = 500000 -400000 = 100000

100000 Gross profit ratio = ------ \*100 =20% 500000

## Ex:No:6 Fund Flow Statement

#### Date:02.08.2019

#### Aim:

Flow flow statement is a method by which to study the changes in the financial position of a business.

#### Algorithm:

Step 1: To compare two balance sheets with the help of some other information may be needed.

Step 2: Fund flow statement consists of two parts

\*Schedule if changes in working capital.

\*Statement of sources and Application of funds.

**Step 3:** Schedule of changes in working capital. WC = CA - CL

\* An increase in current asset increases working capital

- \* Decrease in current asset decrease in working capital
- \* Increase in current liability decreases working.
- \* Decreases in current liability increases working capital.

Step 4: Statement of application of sources of funds to open repost form and T form.

**Step 5:** Identify the sources of funds, funds from operation, issue of share capital, rising a long term loans, receipts from party, paid shares, sales of non current, fixed assets, non trading receipts such a dividend received: sales on investment(long term)

**Step 6:** Identify the application of funds or uses of funds lost in operation, reduction of share capital, reduction of debentures, Department of long term loans, purchase of non current fixed asset, purchase of long term investment payment of dividend payment of tax.

Step 7: Calculation of funds from operation.

#### **Result:**

Hence the fund flow statement proved funds from operation or funds cost in operation.

## **OUTPUT:**

## From the following information (P/L) compute funds from operations.

## (P/L) Account

	Rs.		Rs.
To salaries	5000	By gross profit B/D	1000
To rent	2000	By rent	5000
To depreciation	1000	By interest on	
To preliminary exp	2000	investment	4000
To loss on sale of land	5000	By net loss	5000
	15,000		15,000

Solution:

	Rs.	Rs.
Net loss as per P/L Account		-5000
(Add) items which do not(-Decrease funds)		
To depreciation	1000	
To preliminary exp	2000	
To loss on sale of land	5000	8000
		3000

Ex:No:7 Cost Sheet

#### Date:08.08.2019

Aim:

Cost sheet is prepared to show the detailed cost of the total output for a certain period.

## Algorithm:

Step 1: Direct materials it includes opening stock of raw materials.

Step 2: And purchases of raw material and less closing stock of raw materials.

**Step 3:** Direct labour Direct expenses = Prime cost

**Step 4:** add works overhead or factory overhead = works or factory cost.

Step 5: Add office and administration overhead it is called cost of production.

Step 6: Add selling and distribution overheads it is called total sales or cost of sales.

### **Result:**

Hence cost sheet is prepared for the period of ending on 31<sup>st</sup> Jan 2008 is Rs.1200000.

## **OUTPUT:**

From the following particulars of the manufactures firm prepare a statement of cost.

Particulars	Rs.
Stock of Material on Jan 1,2008	20,000
Purchase of raw material in Jan 2008	5,50,000
Stock of finished goods on Jan 1, 2008	25,000
Productive wages	2,50,000
Finished good sold	12,00,000
Overhead charges	75,000
Office to general expenses	50,000
Stock of material on 31st Jan 2008	70,000
Stock of finished goods on 31st Jan 2008	30,000
Selling & Distribution expenses	3,00,000
Sales	12,00,000

## **OUTPUT:**

	Rs.	Rs.
Opening stock of raw materials	20,000	
Add. purchase of raw materials	5,50,000	
1	=5,70,000	
Loss closing stock of raw materials	70,000	
Cost of raw materials used		5,00,000
Add: Productive wages		2,50,000
a)Prime cost		7,50,000
Add: works over head charges		75,000
b)Worker lost or factory cost		25,000
Add: Office and general expenses		50,000
c) Cost of production		
Add: opening stock of finished good sold		9,00,000
Less: Closing stock of finished good sold		30,000
d)Cost of good sold		8,70,000
Add: Selling & Distribution expenses		30,000
e)Cost of sales		11,70,000
Profit		30,000
		=12,00,000

#### Ex:No: 8 Decision Making Problems

### Date:13.08.2019

Aim:

To prepare the decision making problems.

#### Algorithm:

Step 1: To make decision on whether to make or buy component.

Step 2: Fixed cost expenses not be added to the cost.

Step 3: Decision will be increased even if the part is not produced.

Step 4: That additional cost of the part includes materials, direct labour and various expenses.

#### **Result:**

The company should produce not manufacture the part it is available in market at Rs 8 because additional cost of producing the part is 50 paise [8.5-8.00Rs]more than the price at which it is available in the market.

### **OUTPUT:**

While the cost of making component to the same as available in the market at 9 with the assurance of continuous supply .Give a suggestion where to make buy or not give also your view in case. The superior reduces the price from Rs 9 to Rs10 .The cost information is as follow!

Materials Rs. 350

Labour Rs. 4.00

Other variable expenses Rs: 1.00

Fixed Expenses Rs. 1.50

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1)To take decision on whether make buy or buy

Material Rs:3.50

Direct Labour Rs:4.00

Other Variable Expenses Rs:1.00

8.50

The company should produce part 1 is the market at Rs 9 because the product of every part will give to the company a contribution of 50 paise (9.00-8.5)

## Ex:No:9

## Date:

Analyse the real time case study on Importance of people a monthly budget forMy family and make a variance analysis of (Actual expenses budgeted)

#### Aim:

To prepare the monthly budget for my family.

### Algorithm:

Step 1: List out the basic requirement for my family.

Step 2: Prepare the next level family needs

Step 3: It includes school fees or college fees

Step 4: Create the budget for miscellaneous (includes all emergency expenses)

Step 5: All above listed expenses

Step 6: Now list separate from expected income (-) Budgeted

Step 7: Analyse the variance the Positive or Negative.

#### **Result:**

Hence it is proved the surplus budget (good budget).

#### **OUTPUT:**

Total salary budgeted = 25000

Expenditure

College fees = 8500

Grocery item = 3200

Medical expenses = 1000

School fees = 2000

Travelling expenses = 3000

Shopping = 3200

Totally = 21700

Actual expenses – Budgeted Variance = 21700 – 25000 Variance = 3300

It is good budget (Surplus budget) It is saving for next month budget.

Ex:No:10 Date: 27.08.2019

#### Analyse the real time case study onimportance of Budgetary and BudgetaryControl

Aim:

To prepare the sales budget.

Algorithm:

Step 1: Prepare actual change for current for period it includes Quantity, price ,Value.

Step 2 : Budget for current period it includes Quantity, Price, Value.

Step 3 : Budget for future period it includes Quantity, Price, Value.

Step 4 : Add division North, South division products sales

**Step 5 :** The total of both divisions can be evaluated.

#### **Result:**

Additional sales of 5000 units in North division is distributed for Alpha and Beta in the proposition of Rs.25000:15000. It is a Budget Quantity for 2016.

## **OUTPUT:**

Gopi and company Ltd. Produce 2 products Alpha & Beta. There are 2 sales division North & South. Budgeted sales for the year ended 31<sup>st</sup> Dec 2016 were as follows.

Divisions	Product	Limits	Price(Rs)
	Alpha	25000	10
North	Beta	15000	6
	Alpha	21000	10
South	Beta	30000	5

Actual sales for the set of products:

Product	North	South
	28000 units	25000 units
Alpha	@Rs.10%	@Rs.10
	18000 units	33000 units
Beta	@Rs.5each	@Rs.5each

## **OUTPUT:**

On the basis of assessment of the sales man the following are the observations of sales division. For the year ended 31<sup>st</sup> Dec 2016.

North zone	Alpha => Budgeted increase of 40% on 2016 budget. Beta => Budgeted increase of 30% 0n 2016 budget
South zone	Alpha => Budgeted increase of 12% on 2016 budget. Beta => Budgeted increase of 15% on 2016 budget.

It was further decided that because of the sales compaign on north and additional sales of 5000 unit of product will result.

Ex:No:11Analyse the case study on zero baseDate:06.09.2019Budgeting

### Aim:

Step 1 : Prepare determination of Objectives

Step 2 : Create application for all operational areas

Step 3 : Identification of decision units (departments)

**Step 4 :** Analyse the cost benefit for each activity.

**Step 5** : Preparation of budget in the allocation of funds.

#### **Result:**

Hence it is analysed the zero base budgeting.

## **OUTPUT:**

Balance sheet as on 31.09.2017

Share capital	4,00,000	
Retained Income	32,000	4,32,000
Represented by plant & machinery	4,00,000	
Less; Provision Depts	1,00,000	3,00,000
Raw material	38,000	
Finished goods	80,000	
Deptors		30,000
Cash		20,000
		4,68,000

Ex:No:12Analyse the case study on responsibilityDate: 17.09.2019Accounting

#### Aim:

To help management in achieving organizational goals with the help of responsibility accounting as a control device.

#### Algorithm:

Step 1: Divide the organization into various responsibility centres.

Step 2: To set targets of each responsibility centre.

**Step 3:** The actual performance of each responsibility centre to recorded and communicated to the execution.

**Step 4:** Compare the actual performance and standard performance. The variance are conveyed to the top management.

Step 5: Timely action is taken to taken necessary corrective measures.

#### **Result:**

Hence cost centre and profit centre evaluated.

#### **OUTPUT:**

A company has 10 cars in operation the budget for the transport department based on 25000 km run a month out of which a sum of Rupees 25000 is fixed.During the last month the total km run by all the ten cars were 22400 km and the cost incused were Rs.83150. A car cost of hiring for a car could have been 4/km. Evaluate the performance of transport department on the basis of (a) cost centre (b) profit centre

Solution:

Performance Evaluation Report

	Rs.
Total budgeted expenditure for the month	87,000
Less: Fixed expenses	25,000
Variable cost	62,500
Variable cost per km(62500/25000)	2.50
(a)lost centre Basis	
Allowed costs	
Variable (22400×2.50)	56,000
Fixed	25,000
Total allowed cost	81,000
Actual cost	83,150
Cost variance	2,150(A)
(b) Profit centre basis	
Cost of hiring a car (22400×4)	89,600
Actual cost increased	83,150(-)
Profit variance	6,456(B)

Ex:No:13 Analyse the case study on Transfer policing Date:20.09.2019

## Aim:

**Step 1:** Prepare a division wise sales revenue.

Step 2: Select a division sales revenue

Step 3: Less cost of production

Step 4: Draw the profit

Step 5: Follow the same procedure for B division

Step 6: Calculate the total cost, Calculate the profit.

## **Result:**

Hence division A and Division B profit raised through transfer pricing model.

## **OUTPUT:**

Case study on transfer pricing

Sv Ltd Manufacture a product which is obtained basically from a serits of mixing operation. The finished product is packaged in the company made glass bottles.

The general manager of the bottle manufacturing division has obtained following quotation from outside manufacture for the supply of empty bottles.

Volume of empty bottles	Total purchase of value
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12,00,000	20,00,000

The cost of analysis of bottle for the manufacture of empty bottles reveals the following production cost.

Volume of empty bottles	Total cost
8,00,000	10,40,000
12,00,000	14,40,000

Production cost and sales value of the end product marketed by the product manufacturing division are as under

Volume of bottle end product	Total cost of end product (excluding cost of empty bottle)	Sales value packed in bottles
8,00,000	64,80,000	91,20,000
12,00,000	76,80,000	1,27,80,000

Volume	
,00,000 ottles	12,00,000 Bottles
(Rs.)	(Rs.)
4,00,000	20,00,000
0,40,000	14,40,000
3,60,000	5,60,000
91,20,000	1,27,80,000
54,80,000	96,80,000
14,00,000	20,00,000
78,80,000	1,16,80,000
78,80,000	1,16,80,000
12,40,000	11,00,000
16,00,000	16,60,000
	00,000 httles (Rs.) 4,00,000 0,40,000 3,60,000 3,60,000 4,80,000 4,80,000 4,80,000 78,80,000 78,80,000 12,40,000 16,00,000

Profitability statement using market price basis of Transfer pricing